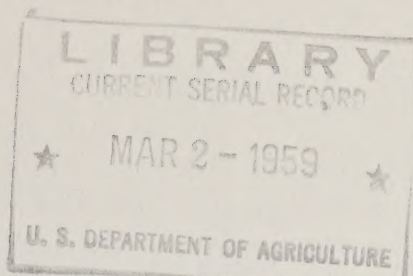


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# The AGRICULTURAL OUTLOOK DIGEST

AGRICULTURAL MARKETING SERVICE, U. S. D. A.

WASHINGTON, D. C.



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The market for food continues generally strong with sales in retail food stores in May running a tenth above a year earlier.

Some improvement in the economy was evident from May figures. Personal income increased as employment, on a seasonally adjusted basis, rose a little. Retail sales held at the April level and were about 1% below a year earlier. But spending by business for investment continues to decline with further reductions scheduled for the rest of 1958, and little more than the usual seasonal rise through mid-summer is expected from employers' reports on their hiring plans.

Strong demand and reduced supplies of some products raised prices to farmers 8% above a year earlier in the first 5 months of this year. Mainly because of the higher prices, cash receipts from farm marketings in January-May totaled 9% above first 5 months of 1957. Livestock receipts were up 12%, mostly because of higher prices for meat animals and eggs. Crop receipts were up 4%...primarily from higher prices for fruits and vegetables and delayed marketings of last year's crops of corn and cotton.

FOOD FATS. Use in the U. S. in the first half of the October 1957-September 1958 marketing year was up about 4% from a year earlier. Growth in population, and a slight gain in use per person accounted for the rise. Biggest increase was in margarine...other gainers were lard (direct use), shortening and salad and cooking oils. Butter was down a little. Some seasonal tapering off is likely in April-September.

Exports of food fats fell 27 percent in the first half of this marketing year but for April-September they are likely to exceed last year by 12 percent, leaving total exports for this year 2.6 billion pounds, down 300 million from 1956-57.

FEED. Prices have been steady in recent weeks though oats and feeding quality barley have weakened seasonally. The average for No. 3 yellow corn in the first half of June was 25.5 cents above a year earlier. Wholesale prices of high protein feeds in the same period were 12% higher than a year earlier.

WHEAT. The 1958 crop, forecast as of June 1 at 1,271 million bushels is fourth largest on record and considerably in excess of probable disappearance. Consequently, a substantial increase in carryover is likely on July 1 of next year.

The carryover July 1 of this year probably will be around 900 million bushels, slightly less than a year ago. Out of the total 1958 supply of 1,866 million bushels, 585 million were used in this country, and about 390 exported.



FRUIT. Production prospects for deciduous crops were generally good in commercial areas. In California, however, rains at pollination time damaged the crops and have reduced early supplies of some fruits. Demand for deciduous fruit for processing may be stronger than last year since stocks at the beginning of the new pack season may be down moderately from last year.

LIVESTOCK. Prices to farmers for meat animals in mid-May reached the highest average in nearly 6 years. Prices of beef cattle, calves and hogs were near parity but lamb prices were still well below.

Prices of hogs are at their cyclical high and probably will decline the next year or two. Because of the 2 percent increase in last spring's pig crop--most of which occurred in December-February--hog slaughter is likely to rise above a year earlier around mid-summer. The 13 percent increase in the fall pig crop indicated by farmers' June intentions will mean slaughter is likely to remain higher than a year earlier through the first half of 1959.

Increasing marketings of fed cattle this summer will bring moderate seasonal price decline. Some seasonal weakening in feeder cattle prices is expected but they probably will remain relatively high.

DAIRY. Farmers produced about the same amount of milk in the first 5 months of 1958 as a year earlier. Severe weather last winter probably reduced the milk flow somewhat. The rise in prices of meat animals may have affected output in areas where meat animal production and dairying compete. On the other hand, continued above average relation of prices of milk to those of feed is favorable to high milk production.

EGGS. Seasonally declining production and rising prices are expected during coming weeks. Because of increased number of pullets being raised this year...probably 10 percent more than last year...difference between prices of large and small eggs may be greater than in 1957.

TURKEYS. Hatchings of poults recently have been running close to a year ago. This means that slaughter during the November-December holiday period will be close to that of 1957. Year's total will be down, however, because of reduction in hatchings earlier in 1958.

VEGETABLES. About the same early summer production for fresh market as last year is in prospect. More green peppers, cabbage and onions are expected but less carrots, celery and cucumbers. Prices may average moderately below a year ago because of likelihood of overlapping marketings of late spring and early summer crops.

COTTON. Prices to farmers have risen from the season's low in February but in mid-May continued below a year earlier. Lower average prices in the face of the reduced 1957 crop result mainly from low quality.

Nearly 5 million acres of cotton land have been placed in the Acreage Reserve of the Soil Bank. Participating farmers will receive a maximum of \$270 million.

TOBACCO. Increased cigarette production in prospect this year probably will be accompanied by greater domestic use of flue-cured and burley. But use of leaf probably will be up by a smaller percentage than cigarette manufacture. More cigarettes are being made from a pound of tobacco than formerly.